

# K-Liner

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After encountering some difficulties like a battleship trying to alter its course, K mart has successfully changed direction. Board Chairman Bernard Fauber told stockholders at the Shareholder's Meeting on May 22.

Due to many years of success, K mart had reservations about changing its image and the direction that it wanted to take for years to come. But after rethinking about the way the company wants to serve the American consumer, Fauber said that K mart is ready to try something new.



Chairman of the Board Bernard Fauber tells the audience at the Annual Shareholder's Meeting that 1984 will be another good year for K mart.

"In every department and in every product category, the new merchandise we are displacing is a testimony to our attitude toward change and our understanding of how to serve our K mart customer better."

By close estimates, it is believed that over 50 percent of all the

households in the United States shop K mart at least once a month. And almost 80 percent of the population lives within convenient shopping distance of a K mart store. Making K mart the most complete retail shopping store with more customers than any other store is a goal that the company is rapidly closing in on.

Because of the major change in our apparel department and the fact that we are offering the latest in fashion at good value, people are saying that while they used to shop K mart for everything except apparel, they now are shopping K mart for clothes, too. The same goes for our new Kitchen Corners, Electronic Centers, Home Care Centers, Health Food Centers, Book Corners and Stationery Shops.

"Our task now is to provide more of our new departments and our new merchandise assortments in a greater number of our existing facilities," Fauber says. "Most of our stores will have some, if not all, of our new departments by the end of this year."

K mart is offering higher ticket, better-quality items and feels that the customers are ready, willing and able to continue purchasing these items.

K mart is also diversifying with off-price apparel operations. Designer Depot and Garment Rack; expansion of designer lines, including home furnishings by Gloria Vanderbilt in 28 newly remodeled stores in Metro Detroit; Accents; Warehouse Home Improvement Centers; K mart Trading Services, which sells American goods to foreign buyers; financial services inside K mart stores; Furr's Cafeterias and Bishop Buffets as well as Gentor of Mexico, Daiei in Japan and Coles in Australia.

"Each of these businesses is relatively small today, but our interest lies in the fact that each of them can become major profit centers in the years ahead," Fauber says.

"We recognize there is no guaranteed longevity to success. And we know that success must be viewed as an achievement more easily lost than gained. In that light, rather than create an air of complacency, our 1983 success has generated an even keener sense of urgency, at all levels in K mart management, to do the job even better. Nineteen hundred eighty-four will be another record year for your company."

K mart shareholders elected Larry M. Parkin and Frederick M. Stevens to the Board of Directors at the stockholders meeting on May 22nd.

Parkin has been senior vice president of K mart and chairman and chief executive officer of K mart Apparel Corporation since January, when he was elevated from vice chairman of the apparel subsidiary. He was vice president of the Western Region for three years. Earlier in his 28-year career, with K mart, Parkin held several posts in the Western Region, including assistant regional manager, merchandise manager, personnel manager and district manager. He also managed several stores in the Midwestern and Western regions.

A native of Creston, Iowa, Parkin holds a B.A. degree from Baker University in Kansas.



Larry M. Parkin



Frederick M. Stevens

Stevens has been senior vice president of sales and general merchandise manager since January 1983. Previously, he was vice president of corporate facilities. He also held Western Region posts as assistant regional manager for real estate, assistant regional manager and district manager. He has managed stores in various Western Region cities.

Born in Jonesboro, Arkansas, Stevens has served K mart for 25 years. He holds a B.S. degree from Louisiana State University.

Directors re-elected to the 17-member board were A. H. Aymond, William H. Baldwin, Robert E. Brewer, Mary S. Coleman, Dale R. Corson, Robert E. Dewar, Bernard M. Fauber, Carl A. Gerstacker, David B. Harper, Samuel G. Leftwich, J. Edward Lundy, Paul W. McCracken, Norman G. Milley, Grant W. Morck and Gloria M. Shatto.

Robert W. Purcell, retired business consultant to Rockefeller Family & Associates, retired from the K mart Board of Directors after 13 years of service.

New Stores for August 1984	
REGION	OPENING
M	7588 - Webster August 2 Groves, MO (8800 Watson Road)

Allen Weed, director of recruitment and training management personnel and K mart's representative to the National Alliance of Business (NAB), accepted a Summer Jobs Award from President Ronald Reagan. The award was given at a recent presentation in the Rose Garden at the White House for outstanding dedication to the career development of youth and for K mart's support of the Private Sector Summer Jobs Program.

The President's Advisory Council on Private Sector Initiatives in conjunction with NAB developed a campaign to help promote the hiring of youth for summer employment. The program helps to teach youth the importance of work skills, to develop a positive attitude and give them needed work experience.

Each year the President corresponds with over 5,300 chief executive officers encouraging them to hire youth into their companies. As an incentive for businesses to participate in this program, the Targeted Jobs Tax Credit (TJTC) allows employers to deduct a percentage of their cost in hiring these youths. Last year, the campaign proved its effectiveness as hiring of youth for the summer increased dramatically over previous years.

K mart Corporation plans to purchase its common stock up to the number of shares issuable upon conversion of the company's 6% Convertible Subordinated Debentures Due 1999, Executive Vice President of Finance Robert E. Brewer announced May 29.

Brewer said the purchase will offset the dilution in earnings per share that results from the shares issuable upon conversion of the debentures.

The outstanding principal amount of the debentures is \$199.3 million. The number of shares issuable on conversion of the debentures is slightly more than 5.6 million shares, or approximately 4.4% of the outstanding common stock of K mart Corporation.

The debentures are convertible into shares of K mart common stock at \$35.50 per share. K mart stock is currently trading in the area of \$28 per share.

Brewer said the shares will be purchased from time to time in open-market and private transactions handled by Morgan Stanley & Co.